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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION**THE A. A. A. FARM PROGRAM FOR CIGAR-TOBACCO GROWERS****SEVEN FACTS FOR GROWERS**

1. The new farm act provides for establishing marketing quotas for cigar-filler and cigar-binder tobacco in years when there is a large surplus, and then only if growers vote in favor of them by at least a two-thirds majority.
2. Cigar-filler and cigar-binder tobacco is divided into two groups, and each group is treated as a separate commodity. One group is cigar-filler tobacco, type 41. The other is all other cigar-filler and cigar-binder tobacco.
3. A marketing quota would be the amount that could be sold without penalty. Each grower would have his share of the national quota. If he sold more than his quota he would pay a penalty on the excess.
4. There will be no marketing quota for cigar-filler and cigar-binder tobacco in 1938.
5. The law provides that there can be no marketing quota for cigar-filler tobacco, type 41, before 1940.
6. The Agricultural Conservation Program, which provides for special acreage allotments for tobacco, remains open to all farmers. Cigar-tobacco growers can take part in it this year.
7. The marketing agreement for Connecticut Valley Shade Grown Tobacco continues in effect.

The Agricultural Adjustment Act of 1938 gives farmers additional ways of stabilizing their supplies and their incomes. The act applies chiefly to tobacco, corn, wheat, cotton, and rice. The various groups of tobacco are treated as separate commodities. Two kinds of cigar tobacco are especially named in the law. They are (1) cigar-filler and cigar-binder tobacco, except type 41, and (2) cigar-filler tobacco, type 41. Each is treated as a separate commodity.

CIGAR-FILLER AND CIGAR-BINDER TOBACCO

Cigar-filler and cigar-binder tobacco includes types 42, 43, 44, 45, 46, 51, 52, 54, and 55. The law provides that in years when supplies of cigar-filler and cigar-binder tobacco pile up past a certain point called the reserve supply level, growers can vote on whether they want a marketing quota to go into effect.

If at least two-thirds of those voting are in favor of a marketing quota, the quota will become effective. The quota for a marketing

year would be equal to market requirements during the year. A quota of that size would tend to prevent some of the drop in prices to farmers, but would not cut down sales to a point where total income to farmers would be reduced or prices to buyers go unduly high.

The national quota would be divided among States and then among individual farmers. Local committees of farmers would handle the actual work of assigning an allotment to each tobacco farm. Each farmer's allotment would be his share of the total amount that could be sold free of penalty during the marketing year. If he sold more than his allotment, he would pay a penalty on the amount above his allotment. The penalty per pound would equal half of the market price per pound, but would not be less than 2 cents per pound.

Although marketing quotas probably would have considerable influence on acreage and production of cigar-filler and cigar-binder tobacco, the quotas would not have any direct effect on the acreage any farmer grows, or on the number of pounds he produces. The quotas would apply to marketing only. If during the marketing year when a quota was in effect, a farmer produced more than his quota he could either sell the excess and pay the penalty on it, or hold it and sell it under some later marketing quota; or he could sell it after the surplus was reduced and marketing quotas were no longer in effect. Every farmer who grew cigar-filler and cigar-binder tobacco would have a sales allotment, regardless of whether he were taking part in the voluntary Agricultural Conservation Program.

The Agricultural Adjustment Act of 1938 provides that loans can be made by the Commodity Credit Corporation on stored tobacco, when recommended by the Secretary of Agriculture and the President.

In years when supplies are large, the cigar-filler and cigar-binder tobacco acreage allotments of farmers taking part in the voluntary Agricultural Conservation Program probably will be smaller than for normal years. Each year, those allotments will be set with the idea of keeping the cigar-filler and cigar-binder tobacco supply near the normal supply level. When the carry-over already is large, smaller production will be needed to maintain a normal supply. So the national acreage goal also will be smaller. When the carry-over is small, the national goal will be larger.

The marketing-quota provisions and the loan provisions are the only ways in which the new farm act directly affects producers of cigar-filler and cigar-binder tobacco. The marketing-agreement program for Connecticut Valley Shade Grown Tobacco will be continued.

WHAT TOBACCO FARMERS WILL DO UNDER THE PRESENT AGRICULTURAL CONSERVATION PROGRAM

At present, the supply of cigar-filler and cigar-binder tobacco is somewhat below the reserve supply level, so there will be no marketing quotas for the tobacco harvested in 1938. Tobacco farmers, however, can take part this year in the 1938 Agricultural Conservation Program.

Each tobacco farmer who does take part will have an acreage allotment for cigar-filler and cigar-binder tobacco and will earn payment for staying within that allotment. That part of his payment will be based on the number of acres in the tobacco-acreage allotment. The rate per acre will be 1 cent per pound on the average number

of pounds which the farm is capable of producing on each acre. If a farmer grows an acreage of tobacco in excess of his acreage allotment, deductions will be made from his total payment for the year. The rate of deduction for each acre by which he goes over his acreage allotment will be 10 times the per acre rate for staying within the acreage allotment. Tobacco farmers who participate in the conservation program also will have soil-building goals, and will earn part of their total payments by using soil-building practices.

HOW MARKETING QUOTAS WILL BE ESTABLISHED WHEN THEY ARE NEEDED

Each year, on the 15th of November, the Secretary of Agriculture will announce the size of the total supply of cigar-filler and cigar-binder tobacco that was in prospect October 1. The total supply will consist of the carry-over, plus the estimated production for the year.

The second step is to see if the total supply is large enough to make a marketing quota practicable. The law gives definite rules on that point. To tell about those rules it is necessary to explain two terms—*normal supply* and *reserve supply*.

Normal supply is the amount of cigar-filler and cigar-binder tobacco used during a normal year, plus the usual carry-over. That carry-over consists of 175 percent of the normal year's domestic consumption and 65 percent of the normal exports for the year.

Reserve supply of cigar-filler and cigar-binder tobacco is the normal supply, plus 5 percent. That extra 5 percent really amounts to additional carry-over which can exist without having a serious effect on marketing.

The reserve supply is the level at which quotas can be used. If on any November 15 the Secretary finds that the total supply is larger than the reserve supply, farmers will be given a chance to vote on whether they want a marketing quota to go into effect the next marketing year.

The third step is announcement of how large the marketing quota will be. The law directs the Secretary of Agriculture to fix the size of the quota not later than December 1.

The fourth step is the referendum. After cigar-filler and cigar-binder tobacco growers know the amount of tobacco in excess of the reserve supply level and the size of the proposed quota, they will vote on whether they want a quota. The referendum will be held some time during December, so that the result can be announced before January 1. All farmers who grow cigar-filler and cigar-binder tobacco will be eligible to vote. If two-thirds or more of those voting are in favor of the quota, it will go into effect on the following October 1, and remain in effect for a year. If the proportion in favor is less than two-thirds, there will not be any quota.

HOW THE QUOTAS WOULD BE APPORTIONED

Ninety-five percent of the national quota would be divided among States on the basis of their total production during the past 5 years, with necessary adjustments for such things as recent trends in acreage. Most of the other 5 percent would be used for special quotas for new growers and small growers. After the 95 percent was divided among the States local committees of farmers would allot each State's quota to the cigar-tobacco farmers of that State.

These are the facts which committees will consider in establishing quotas for individual farms:

Past marketings of tobacco
Labor and equipment available
Crop-rotation practices

The nature and condition of the soil
The needs of each family

Working on that basis, committees will assign each grower his fair share of the State marketing quota. However, any quota under 2,400 pounds will not be smaller than the normal production of the average acreage on the farm for the 3 preceding years, plus any cigar-filler-and-binder acreage diverted under the A. A. A. program.

During the time when a quota is in effect, farmers who sell more tobacco than their quotas call for will be subject to the penalty already mentioned, which will amount to half of the average value of the tobacco sold. The law also says that the penalty never shall be less than 2 cents a pound, no matter how low the price goes. The penalty actually will be paid by the person who buys the tobacco, but the amount of the penalty will be deducted from the price paid to the grower. Each grower can sell an amount of tobacco equal to his quota without paying any penalty at all.

There are special provisions for new growers—that is, farmers whose land has not produced tobacco for 5 years previous to the establishment of the quota. The 5 percent of the national quota already mentioned will be reserved for such new growers, and for growers with very small acreages. Allotments from this special part of the quota will be made to individual farms by the same local committees which will handle regular allotments of the other 95 percent.

THE CIGAR-FILLER AND CIGAR-BINDER TOBACCO SITUATION THIS YEAR

No marketing quota will be in effect for cigar-filler and cigar-binder tobacco this year. The new farm act has a special provision that would have made possible a referendum early in 1938 soon after the act passed, instead of at the regular time in December, in case the supply had been larger than the reserve supply level. The supply, however, is not large enough to call for a referendum on a quota to be effective during 1938. The total supply on October 1, 1937, was 356,795,000 pounds, or slightly below the reserve supply level.

For 3 successive years the consumption of cigars has increased and the quantity of scrap chewing tobacco manufactured has remained fairly constant.

CIGAR-FILLER TOBACCO, TYPE 41

Cigar-filler tobacco, type 41, is a separate commodity under the new farm act. The law provides that no marketing quotas for this type of tobacco shall be in effect during the marketing years beginning October 1, 1938, and October 1, 1939.

After that, the quota provisions for type 41 tobacco will be in general like those for cigar-filler and cigar-binder tobacco already described in this leaflet. In addition, the summary of the way in which cigar-filler and cigar-binder tobacco growers can take part in the 1938 Agricultural Conservation Program applies also to growers of cigar-filler tobacco, type 41.